

JUSTIFICATION OF ESTIMATES

The Administration's Proposed Appropriation Language

LIMITATION ON ADMINISTRATION

For necessary expenses for the Railroad Retirement Board for administration of the Railroad Retirement Act and the Railroad Unemployment Insurance Act [\$102,543,000] *\$103,517,570*, to be derived in such amounts as determined by the Board from the railroad retirement accounts and from moneys credited to the railroad unemployment insurance administration fund.

(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006.)

Explanation of Proposed Appropriation Language

<u>Appropriation language</u>	<u>Explanation</u>
For necessary expenses for the Railroad Retirement Board for administration of the Railroad Retirement Act and the Railroad Unemployment Insurance Act [\$102,543,000] <i>\$103,517,570</i> , to be derived in such amounts as determined by the Board from the railroad retirement accounts and from moneys credited to the railroad unemployment insurance administration fund.	This budget request is for funds to administer the railroad retirement/survivor and unemployment/sickness insurance benefit programs under a single administrative account. The Limitation on Administration Account draws on the following trust fund accounts for funding: Railroad Retirement Account, Social Security Equivalent Benefit Account, and the Railroad Unemployment Insurance Administration Fund.

Authorizing Legislation

<u>Legislation</u>	<u>2006</u>		<u>2007</u>	
	<u>Authorized</u>	<u>Current estimate</u>	<u>Authorized</u>	<u>Appropriation request</u>
Authorizing legislation -- Railroad Retirement Act: Section 15(a), first two sentences of section, and Section 15A(c)(1)	Indefinite	\$101,517,570 <u>a/</u>	Indefinite	\$103,517,570
Authorizing legislation -- Railroad Unemployment Insurance Act: Section 11(a)				

a/ This amount reflects the level of funding provided by the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (P.L. 109-149), less a rescission of 1 percent in accordance with P.L. 109-148.

Section 15(a) of the Railroad Retirement Act:

"The Railroad Retirement Account established by section 15(a) of the Railroad Retirement Act of 1937 shall continue to be maintained in the Treasury of the United States. There is hereby appropriated to such Account for each fiscal year, beginning with the fiscal year ending June 30, 1975, to provide for the payment of benefits to be made from such Account in accordance with the provisions of section 7(c)(1) of this Act, and to provide for expenses necessary for the Board in the administration of all provisions of this Act, an amount equal to amounts covered into the Treasury (minus refunds) during each fiscal year under the Railroad Retirement Tax Act."

Section 15 A(c)(1) of the Railroad Retirement Act:

"Except as otherwise provided in this section, amounts in the Social Security Equivalent Benefit Account shall be available only for purposes of paying social security equivalent benefits under this Act and to provide for the administrative expenses of the Board allocable to social security equivalent benefits."

Section 11(a) of the Railroad Unemployment Insurance Act:

"The Secretary of the Treasury shall maintain in the unemployment trust fund established pursuant to section 904 of the Social Security Act an account to be known as the railroad unemployment insurance administration fund. This unemployment insurance administration fund shall consist of (i) such part of all contributions collected pursuant to section 8 of this Act as equals 0.65 per centum of the total compensation on which such contributions are based; (ii) all amounts advanced to the fund by the Secretary of the Treasury pursuant to this section; (iii) all amounts appropriated by subsection (b) of this section; and (iv) such additional amounts as Congress may appropriate for expenses necessary or incidental to administering this Act. Such additional amounts are hereby authorized to be appropriated."

ADMINISTRATIVE EXPENSES a/
Budget Authority By Object Classification

<u>Limitation on Administration</u>	Fiscal year 2005	Fiscal year 2006	Fiscal year 2007	Increase or
<u>Direct obligations by object class</u>	<u>actual amounts(\$)</u> b/c/	<u>estimated amounts(\$)</u> c/d/	<u>estimated amounts(\$)</u> e/	<u>decrease(\$)</u>
Personnel compensation:				
Full-time permanent	61,453,000	63,034,000	61,475,000	(1,559,000)
Positions other than permanent	986,000	955,000	955,000	0
Other personnel compensation	<u>1,077,000</u>	<u>1,394,000</u>	<u>1,228,000</u>	<u>(166,000)</u>
Total personnel compensation	63,516,000	65,383,000	63,658,000 e/	(1,725,000)
Personnel benefits: civilian	14,169,000	14,604,000	14,584,000	(20,000)
Benefits for former personnel	2,139,000	225,000	644,000 f/	419,000
Travel and transportation of persons	676,000	725,000	659,000	(66,000)
Transportation of things	117,000	117,000	129,000	12,000
Rental payments to GSA g/	3,850,000	3,950,000	4,200,000	250,000
Communications, utilities, and miscellaneous charges	4,274,000	4,331,000	4,562,000	231,000
Printing and reproduction	237,000	315,000	273,000	(42,000)
Consulting services	524,000	748,000	616,000	(132,000)
Other services	10,836,000	9,479,000	13,262,000 h/	3,783,000
Supplies and materials	652,000	644,000	686,000	42,000
Equipment	<u>1,466,000</u>	<u>997,000</u>	<u>245,000</u>	<u>(752,000)</u>
Total, direct obligations	102,456,000	101,518,000	103,518,000 i/	2,000,000
Unobligated balance	<u>87,000</u>	<u>==</u>	<u>==</u>	<u>==</u>
Total budget authority	<u>102,543,000</u>	<u>101,518,000</u>	<u>103,518,000 j/</u>	<u>2,000,000</u>

a/ In a separate justification document, the Office of Inspector General is also requesting, \$7,606,000 for administrative expenses in fiscal year 2007.

b/ Amounts reflect the actual use of the \$103,370,000 appropriation to the Limitation on Administration received under Public Law 108-447 in fiscal year 2005, less a rescission of \$826,960, rounded to the nearest thousand dollars.

c/ The Limitation on Administration excludes \$7.6 million in fiscal year 2005 that the RRB expects to be reimbursed from the Centers for Medicare and Medicaid Services (CMS) and others. Amounts for fiscal years 2006 and 2007 exclude \$7.3 million and \$7.2 million, respectively, that the RRB expects to be reimbursed from CMS and others in each of these years.

d/ Reflects the appropriation for fiscal year 2006 (P.L. 109-149) which provides an appropriation of \$102,543,000, less a rescission of \$1,025,430 included in P.L. 109-148 for fiscal year 2006, rounded to the nearest thousand dollars.

e/ This amount includes a locality-based comparability and cost-of-living increase of 2.2% effective January 2007, in accordance with OMB guidance.

f/ The fiscal year 2007 amount includes reduction-in-force costs of \$394,000 for 31 employees and \$250,000 for normal unemployment insurance and workers' compensation.

g/ Reflects the payment of actual costs to the General Services Administration (GSA) for the rental of space.

h/ This amount includes an estimated \$3,800 for education and training of the acquisition workforce. This also includes a net increase of \$2.1 million to fund a contract with a nongovernmental disbursement agent for railroad retirement benefits and \$575,000 for security by the Federal Protective Service.

i/ The RRB expects to spend \$15,000 on energy conservation measures in fiscal year 2007 (OMB Circular A-11, Section 25.5).

Note: Amounts shown in the table are rounded to the nearest thousand.

SUMMARY OF CHANGES 1/

	<u>Appropriation total</u>
FY 2006 appropriation.....	\$101,517,570 <u>2/</u>
FY 2007 estimate	<u>\$103,517,570</u>
Net change.....	\$ 2,000,000 <u>3/</u>

	<u>2006 Current (Base)</u>		<u>2007 Change from Base</u>	
	<u>FTE's</u>	<u>Budget authority</u>	<u>FTE's</u>	<u>Budget authority</u>
<u>Increases:</u>				
<u>Program:</u>				
1. Costs associated with a reduction-in-force of 31 employees <u>4/</u>	----	\$ 0	----	\$ 394,000
2. Benefits for former employees (excluding reduction-in-force costs)	----	225,000	----	25,000
3. Transportation of things	----	117,000	----	12,000
4. Rental payments to GSA	----	3,950,000	----	250,000
5. Communications, utilities, and miscellaneous charges	----	4,331,000	----	231,000
6. Other services (including a net increase of \$2.1 million for the nongovernmental disbursement agent)	----	9,479,000	----	3,783,000
7. Supplies	----	644,000	----	<u>42,000</u>
Total increases				<u>\$4,737,000</u>
<u>Decreases:</u>				
<u>Built-in:</u>				
1. Net change related to full-time and part-time salaries: loss of FTE's, -\$4,019,000; annualization of January 2006 pay raise, +\$514,000; January 2007 pay raise, +\$1,128,000; grade/step increases, +\$818,000; and other personnel compensation (awards and overtime), -\$166,000.	948	\$65,383,000	-53	\$(1,725,000)
2. Net change related to personnel benefits: loss of FTE's, -\$933,000; annualization of January 2006 pay raise, +\$119,000; January 2007 pay raise, +\$262,000; grade/step increases, +\$190,000; other changes in benefit costs (health insurance, etc.), +\$342,000.	----	14,604,000	----	(20,000)
Subtotal, built-in compensation decreases			<u>-53</u>	\$(1,745,000)
<u>Program:</u>				
1. Travel	----	\$ 725,000	----	\$ (66,000)
2. Printing and reproduction	----	315,000	----	(42,000)
3. Consulting services	----	748,000	----	(132,000)
4. Equipment	----	997,000	----	<u>(752,000)</u>
Subtotal, program decreases				<u>\$ (992,000)</u>
Total decreases				<u>\$(2,737,000)</u>
Net change			<u>-53</u>	<u>\$2,000,000</u>

1/ Corresponds to page 12 - Administrative Expenses.

2/ Amount shown reflects an appropriation of \$102,543,000, less a 1 percent rescission in accordance with P.L. 109-148.

3/ OMB provided an additional \$2 million above the \$101,517,570 base level to assist the RRB with its information technology (IT) initiatives. At the \$101,517,570 level, \$700,000 would have been available for IT spending in fiscal year 2007, compared to approximately \$2.2 million in fiscal year 2006.

4/ A reduction-in-force would be needed if the RRB is required to contract with a nongovernmental disbursement agent, rather than continuing to use the Department of the Treasury, to make railroad retirement benefit payments.

Note: Amounts rounded to the nearest thousand.

ADMINISTRATIVE EXPENSES

Budget Authority by Strategic Goal

<u>Limitation on Administration</u>	Fiscal year 2005 <u>Actual</u>				Fiscal year 2006 <u>Estimate</u>				Fiscal year 2007 <u>Estimate</u>			
<u>Program by strategic goal</u>	<u>FTE's</u>	<u>%</u>	<u>Amounts(\$)</u>	<u>%</u>	<u>FTE's</u>	<u>%</u>	<u>Amounts(\$)</u>	<u>%</u>	<u>FTE's</u>	<u>%</u>	<u>Amounts(\$)</u>	<u>%</u>
Strategic goal:												
1. Customer Service	739	77	78,172,620	76	739	78	77,967,450	77	699	78	79,149,382	76
2. Stewardship	<u>218</u>	23	<u>24,283,420</u>	24	<u>209</u>	22	<u>23,550,120</u>	23	<u>196</u>	22	<u>24,368,188</u>	24
Total, direct program obligations			102,456,040				101,517,570				103,517,570	
Unobligated balance			<u>87,000</u>				<u>---</u>				<u>---</u>	
Total budget authority	<u>957</u>		<u>102,543,040</u>		<u>948</u>		<u>101,517,570</u>		<u>895</u>		<u>103,517,570</u>	

Note: The fiscal year 2006 budget includes \$19,962,667 for information technology investments and operating costs for the Bureau of Information Services.

The Railroad Retirement Board's Strategic Plan includes these strategic goals:

1. Provide excellent customer service.
2. Safeguard our customers' trust funds through prudent stewardship.

STAFFING HISTORY

Actual Full-time Equivalent Employment

<u>Fiscal year</u>	<u>Total FTE's a/</u>	<u>Change from previous year</u>	<u>Percent change from previous year</u>	<u>Cumulative FTE reductions</u>	<u>Cumulative percent change since fiscal year 1993</u>
1993	1,698 <u>b/</u>	---	---	---	---
1994	1,615 <u>b/</u>	-83	-4.9%	83	-4.9%
1995	1,483 <u>b/</u>	-132	-8.2%	215	-12.7%
1996	1,401 <u>b/</u>	-82	-5.5%	297	-17.5%
1997	1,297	-104	-7.4%	401	-23.6%
1998	1,227	-70	-5.4%	471	-27.7%
1999	1,196	-31	-2.5%	502	-29.6%
2000	1,136	-60	-5.0%	562	-33.1%
2001	1,101	-35	-3.1%	597	-35.2%
2002	1,099	-2	-0.2%	599	-35.3%
2003	1,079	-20	-1.8%	619	-36.4%
2004	1,048	-31	-2.9%	650	-38.3%
2005	957	-91	-8.7%	741	-43.6%
2006	948 <u>c/</u>	-9	-0.9%	750	-44.2%
2007	895	-53	-5.6%	803	-47.3%

a/ Excludes staffing for the Office of Inspector General.

b/ Includes Special Management Improvement Fund FTE's for fiscal years 1993-1996 of 80, 58, 30, and 10, respectively.

c/ Reflects estimated FTE's to be used. In fiscal year 2007, the RRB estimates that the proposed administrative budget will allow us to fund 895 FTE's under current law. If the RRB is not required to contract with a nongovernmental disbursement agent in fiscal year 2007, savings of approximately \$2.1 million could be achieved.

Funding for Major Contracts

All contracts \$10,000 and over that are planned for fiscal year 2007 are shown below.

<u>Title and description</u>	<u>Estimated FY 2007 funding (\$)</u>
<u>Information technology investments</u>	
▪ <u>Information security</u> . Contractor resources would be used to conduct system certification and accreditation.	110,000
▪ <u>Network operations</u> . Contractor assistance will be used for staff augmentation and support in introducing new technologies.	350,000
▪ <u>E-Government projects</u> . Contractor assistance will be required to develop a number of Internet-based projects that will improve customer service.	350,000
▪ <u>Database management system migration</u> . Contractor assistance is required to optimize the performance of databases after DB2 conversion and to further reduce data redundancy.	1,557,000
▪ <u>Enterprise architecture</u> . Funding will be used to continue enterprise architecture consulting, training, and research services.	45,000
<u>Support of benefit program activities</u>	
▪ <u>Disbursement agent</u> . Contract funding will be used to acquire the services of a nongovernmental disbursement agent, under the provision of the Railroad Retirement and Survivors' Improvement Act of 2001.	2,900,000
▪ <u>Medical fees</u> . Funding is required for medical services and hospital transcripts used to make disability determinations.	1,900,000
▪ <u>Consultative medical services</u> . Funding will be used for medical evidence reviews concerning benefit and claim matters and preparation of advisory medical opinions.	570,000
▪ <u>Contact representative training</u> . Contract funding will be used for training contact representatives.	40,000
▪ <u>Customer satisfaction index</u> . Contractor assistance will be used for administering the American Customer Satisfaction Index survey.	37,500

Funding for Major Contracts

<u>Title and description</u>	<u>Estimated FY 2007 funding (\$)</u>
<u>Financial management.</u>	
<ul style="list-style-type: none"> ▪ <u>Payments to Treasury.</u> Funding is required for fees by the Department of the Treasury for issuing checks and making electronic funds transfers on the RRB's behalf, as well as postage costs incurred for RRB mailings released by the Treasury. Payments of unemployment and sickness insurance benefits continue to be made by the Treasury. 	120,000 <u>a/</u>
<u>Administrative support.</u>	
<ul style="list-style-type: none"> ▪ <u>File management services.</u> Fees will be paid to the National Archives and Records Administration for services by the Federal Records Center to maintain the RRB claim files. 	355,000 <u>a/</u>
<ul style="list-style-type: none"> ▪ <u>Photocopiers.</u> Funding is required to continue contractual services for photocopiers in the RRB's headquarters building, including high speed copiers that are used to prepare program related booklets, pamphlets, and other informational material. 	384,700
<ul style="list-style-type: none"> ▪ <u>E-Payroll.</u> Funding is required for contracted e-Payroll services provided by GSA. 	300,000 <u>a/</u>
<ul style="list-style-type: none"> ▪ <u>Field office support services.</u> Funding is required for field office alterations, miscellaneous and administrative support services, and health unit maintenance agreements. 	90,000 <u>a/</u>
<ul style="list-style-type: none"> ▪ <u>Computer recovery service.</u> Fees are paid for backup data processing operations in the event of an emergency or disaster. 	110,000
<ul style="list-style-type: none"> ▪ <u>Personnel identification system.</u> Funding is required to obtain an updated personnel identification system that will meet the Homeland Security Presidential Directive for secure identification for agency employees and contractors. 	60,000
<ul style="list-style-type: none"> ▪ <u>Employee assistance program.</u> The RRB provides professional assistance for employees with personal problems that adversely affect work performance. 	35,000

Funding for Major Contracts

<u>Title and description</u>	<u>Estimated FY 2007 funding (\$)</u>
<u>Facility management service</u>	
▪ <u>Building maintenance and repairs</u> . Funding is required for facility maintenance, elevator maintenance, and repairs to the RRB headquarters building.	842,200
▪ <u>Federal Protective Service costs</u> . Funding for protective services formerly included in rental payments to GSA are now billed by the Department of Homeland Security, Federal Protective Service.	575,000 <u>a/</u>
▪ <u>Janitorial services</u> . Funding is required for janitorial services for the RRB headquarters building.	512,400
▪ <u>Building security</u> . Funding is required for guard service for the RRB headquarters building.	<u>440,000</u>
Agency total	<u>11,683,800</u>

a/ Contractual services provided by Federal Government agencies comprise \$1,440,000 of the agency program total of \$11,683,800.

BUDGET AUTHORITY BY FUND

Railroad Retirement Program

	Fiscal year 2005 actual amounts	Fiscal year 2006 estimated amounts	Fiscal year 2007 estimated amounts	Increase or decrease amounts
<u>Direct Program:</u>				
Railroad Retirement Account	\$ 66,306,690	\$ 63,368,024	\$ 64,538,570	\$1,170,546
Social Security Equivalent Benefit Account	<u>21,328,000</u>	<u>23,463,000</u>	<u>24,000,000</u>	<u>537,000</u>
Total, direct railroad retirement program obligations	\$87,634,690	\$86,831,024	\$88,538,570	\$1,707,546

Railroad Unemployment and Sickness Insurance Program

<u>Direct Program:</u>				
Railroad Unemployment Insurance Administration Fund	<u>14,821,350</u>	<u>14,686,546</u>	<u>14,979,000</u>	<u>292,454</u>
Total, direct railroad retirement, unemployment and sickness insurance obligations	\$102,456,040	\$101,517,570	\$103,517,570	\$2,000,000
Unobligated balance	<u>87,000</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total, direct railroad retirement, unemployment and sickness insurance budget authority	<u>\$102,543,040</u> <u>a/</u>	<u>\$101,517,570</u> <u>b/</u>	<u>\$103,517,570</u>	<u>\$2,000,000</u>

a/ Reflects the Consolidated Appropriations Act, 2005 (P.L. 108-447), which provided an appropriation of \$103,370,000, less a rescission of \$826,960, resulting in a total of \$102,543,040.

b/ Reflects the appropriation of \$102,543,000 to the Limitation on Administration received under P. L. 109-149, less a rescission of \$1,025,430 in accordance with P.L. 109-148.

LIMITATION ON ADMINISTRATION

Financing

	<u>Fiscal year 2005 actual</u>	<u>Fiscal year 2006 estimate</u>	<u>Fiscal year 2007 estimate</u>
<u>Financing</u>			
Total, direct program obligations	\$102,456,040	\$ 101,517,570	\$ 103,517,570
Unobligated balance	<u>87,000</u>	<u>---</u>	<u>---</u>
Limitation	<u><u>\$102,543,040</u></u>	<u><u>\$ 101,517,570</u></u>	<u><u>\$103,517,570</u></u>

Relation of direct program obligations to outlays

Obligations incurred, net	\$102,456,040	\$101,517,570	\$103,517,570
Obligated balance, start of year	0	10,613,000	10,613,000
Obligated balance, end of year	<u>(10,613,000)</u>	<u>(10,613,000)</u>	<u>(10,613,000)</u>
Outlays from limitation	<u><u>\$91,843,040</u></u>	<u><u>\$101,517,570</u></u>	<u><u>\$103,517,570</u></u>

Note: Funds to administer the Railroad Retirement Act and the Railroad Unemployment Insurance Act are combined into a single administrative account. Funds to administer the Railroad Retirement Act are transferred from the Railroad Retirement Account and the Social Security Equivalent Benefit Account to the Limitation on Administration. Funds required to administer the Railroad Unemployment Insurance Act are transferred from the Railroad Unemployment Insurance Administration Fund to the Limitation on Administration.

The financial operations of the Limitation on Administration can also be expressed in a sources and uses of funds table as shown below.

Sources and Uses of Funds

	Fiscal year 2005 actual	Fiscal year 2006 estimate	Fiscal year 2007 estimate
<u>Direct program sources</u>			
Available from benefit trust funds by Congressional appropriation	<u>\$102,543,040</u>	<u>\$101,517,570</u>	<u>\$103,517,570</u>
<u>Direct program uses</u>			
Administrative expenses	\$102,456,040	\$101,517,570	\$103,517,570
Unobligated balance	<u>87,000</u>	<u>---</u>	<u>---</u>
Total uses:	<u>\$102,543,040</u>	<u>\$101,517,570</u>	<u>\$103,517,570</u>

LIMITATION ON ADMINISTRATION

Amounts Available for Obligation

	Fiscal year 2005 actual	Fiscal year 2006 estimate	Fiscal year 2007 estimate
Appropriation	\$103,370,000	\$102,543,000	\$103,517,570
Less:			
Amount rescinded in accordance with Public Law 108-447	826,960	0	0
Amount rescinded in accordance with Public Law 109-148	0	1,025,430	0
Unobligated balance	87,000	0	0
Total direct obligations <u>a/</u>	<u>\$102,456,040</u>	<u>\$101,517,570</u>	<u>\$103,517,570</u>

a/ The RRB also expects reimbursements totaling about \$7.6 million in fiscal year 2005 and \$7.3 million and \$7.2 million, respectively, in fiscal years 2006 and 2007.

APPROPRIATIONS HISTORY TABLE

<u>Year</u>	<u>Budget estimate to the Congress</u>	<u>House Allowance</u>	<u>Senate Allowance</u>	<u>Appropriation/ continuing resolution</u>	
1998	\$ 88,800,000	\$ 85,728,000	\$ 87,728,000	\$ 87,228,000	<u>a/</u>
1999	\$ 86,000,000	\$ 86,000,000	\$ 90,000,000	\$ 89,935,400	<u>b/</u>
2000	\$ 86,500,000	\$ 90,000,000	\$ 91,000,000	\$ 90,655,000	<u>c/</u>
2001	\$ 92,500,000	\$ 95,000,000	\$ 92,500,000	\$ 95,000,000	<u>d/</u>
2002	\$ 97,700,000	\$ 97,700,000	\$ 97,700,000	\$ 97,627,500	<u>e/</u>
2003	\$ 97,720,000	\$100,000,000	\$ 97,720,000	\$ 99,350,000	<u>f/</u>
2004	\$ 99,820,000	\$101,300,000	\$ 99,350,000	\$100,702,330	<u>g/</u>
2005	\$102,600,000	\$102,202,000	\$102,600,000	\$102,543,040	<u>h/</u>
2006	\$102,543,040	\$102,543,000	\$102,543,000	\$101,517,570	<u>i/</u>
2007	\$103,517,570				

a/ Amount reflects funding made available under P.L. 105-78.

b/ Amount reflects the appropriation of \$90,000,000 made available under P.L. 105-277, less a rescission of \$64,600 required by P.L. 106-51.

c/ Amount reflects funding made available under P.L. 106-113, after a rescission of \$345,000.

d/ Amount reflects funding made available under P.L. 106-554.

e/ Amount reflects funding made available under P.L. 107-116, less a rescission of \$72,500 required by P.L. 107-206.

f/ Amount reflects funding made available by P.L. 108-7, after a rescission of \$650,000.

g/ This amount reflects the Consolidated Appropriations Act, 2004 (P.L. 108-199), which provided \$100,702,330 (an appropriation of \$101,300,000, less a rescission of \$597,670).

h/ This amount reflects the Consolidated Appropriations Act, 2005 (P.L. 108-447), which provided \$102,543,040 (an appropriation of \$103,370,000, less a rescission of \$826,960).

i/ Amount reflects the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (P.L. 109-149), which provided \$102,543,000, less a rescission of 1 percent (\$1,025,430) in accordance with P.L. 109-148.

Retirement/Survivor Benefit Program
Summary Workload Table

<u>Fiscal years</u>	<u>Average number of annuitants</u>	<u>New applications</u>	<u>Supplemental annuity applications</u>	<u>Social Security initial awards</u>	<u>Reactivated applications</u>	<u>Number of payments</u>	<u>Medicare enrollments</u> ¹
1995	799,158	44,838	7,681	6,221	56,535	10,038,332	5,815
1996	775,387	41,756	7,256	5,440	52,731	9,890,682	5,757
1997	751,558	41,126	6,942	5,980	50,458	9,447,929	5,309
1998	727,603	38,970	7,077	5,995	47,544	9,166,205	6,242
1999	704,159	38,413	6,719	6,108	47,265	8,886,055	5,890
2000	681,779	37,549	7,266	7,838	45,924	8,626,488	5,942
2001	660,112	38,306	6,690	7,156	40,870	8,872,847	5,538
2002	641,063	42,225	12,258	5,845	41,721	8,200,488	5,124
2003	626,319	37,495	8,997	6,191	43,034	7,960,902	4,684

<u>Fiscal years</u> ²	<u>Average number of annuitants</u>	<u>New applications</u>	<u>Supplemental annuity applications</u> ³	<u>Social Security initial awards</u>	<u>Post-payment adjustments</u> ⁴	<u>Number of payments</u>	<u>Medicare enrollments</u> ¹
2004	610,020	36,707	7,871	6,126	90,302	7,766,557	5,426
2005	595,484	37,510	7,129	6,329	98,312	7,592,204	5,030
2006 (est)	584,900	36,000	8,000	6,000	96,000	7,400,000	5,000
2007 (est)	573,700	37,000	9,000	6,000	95,000	7,300,000	5,000

^{1/} Excludes attainments.

^{2/} Beginning in fiscal year 2004, we revised our production reporting system to enhance the methodology used and improve the accuracy of the resulting workload counts.

^{3/} Beginning in fiscal year 2004, supplemental annuity post-activity is included in post-payment adjustments.

^{4/} Beginning in fiscal year 2004, includes award adjustments and payment-related corrections to supplemental annuities and social security benefits in addition to retirement and survivor award adjustments. Also, includes overpayment/underpayment calculations and other record maintenance activities that could affect the status of previous or future payments.

Railroad Unemployment/Sickness Insurance Program
Summary Processing Workload Table

<u>Fiscal years</u>	<u>Railroad employment 1/</u>	<u>Unemployment insurance</u>			<u>Sickness insurance</u>		
		<u>Applications</u>	<u>Claims</u>	<u>Payments</u>	<u>Applications</u>	<u>Claims</u>	<u>Payments</u>
1995	265,000	21,995	147,378	120,870	28,955	193,483	160,906
1996	257,000	21,143	162,434	135,863	27,291	192,630	162,130
1997	253,000	17,121	120,136	99,042	27,670	180,962	155,358
1998	256,000	13,253	82,103	67,759	26,317	170,336	146,659
1999	256,000	16,261	99,874	81,990	26,267	170,306	145,853
2000	246,000	17,720	103,934	85,756	28,039	177,709	153,143
2001	238,000	22,229	120,994	96,603	28,850	191,715	165,706
2002	229,000	20,462	129,564	106,289	28,193	193,246	167,643
2003	225,000	17,843	113,172	93,422	27,333	183,594	159,088
2004	227,000	13,419	89,367	74,790	25,737	173,515	150,033
2005	233,000 (est)	11,701	71,654	60,057	24,795	161,062	138,610
2006 (est)	230,000	12,000	76,000	64,000	25,000	167,000	144,000
2007 (est)	226,000	13,000	82,000	69,000	26,000	173,000	149,000

1/ Average annual railroad employment is based on mid-month counts and presented on a calendar year basis.

Plan for an Effective and Efficient RRB Field Service

In fiscal year 2005, the Railroad Retirement Board (“the Board”) approved a plan to better position the agency’s field service for the future. The plan calls for a hub and spoke structure with a number of service centers that will provide face-to-face and telephone service for the agency’s customers. The plan would also facilitate consolidation of agency field offices, provide for co-location of field offices with other entities, and provide for introduction of virtual offices in the field. The plan’s goal is to continue the agency’s commitment to outstanding customer service through an efficient field service structure.

In discussions with the Office of Management and Budget (OMB) concerning the Board’s fiscal year 2007 budget, the Board agreed to hire a consultant with input from agency staff, rail labor, and the rail industry, to review the hub and spoke plan and to develop a 5-year implementation plan. The plan would include consolidation, co-location, and/or the establishment of virtual offices and demonstrate out-year savings without serious erosion of customer service.

Accordingly, the Board contracted with Hewitt Associates LLC, a global Human Resources business process consulting firm. To date, Hewitt has made recommendations for a 5-year consolidation plan and service delivery model comprised of three main components:

- Service Delivery Leadership – A group of individuals connected to the RRB headquarters operation, responsible for the overall leadership and management of the customer centers and mobile representatives;
- Service Centers – Large teams that manage the vast majority of customer contacts through centralized delivery service centers positioned in different geographic locales; and
- Mobile Representatives – A group of home-based staff members who would perform outreach and educational functions to employers, union officials, and plan participants, and who would also help manage any individual claims requiring personal intervention.

According to Hewitt, transition from 53 decentralized field offices to the new larger service centers would occur in stages over a 5-year period. The Hewitt model, if it were adopted, would require a significant investment in technology enhancements, including installation of a toll-free telecommunications network with smart call routing and automated call distribution technology for customer service centers, for which the Board does not currently have budgeted funds. Hewitt estimates that a positive cash flow due to accrued savings would begin to occur after the midpoint of the 5-year period.

Because of tight time constraints, Hewitt was unable to interview a representative sample of personnel from field offices, or any customers of the RRB. We are now looking to move into a second phase of the field service study. During this phase, the agency will seek input from its stakeholders, including rail labor and rail industry, concerning the field service and how the field service might be restructured to best suit the needs of all interested parties in a cost-effective and efficient manner. Also, during this second phase, we will take an in-depth look at the Hewitt plan to verify potential savings and costs and identify service delivery and customer contact gaps, if any, that would need to be addressed if we were to adopt the Hewitt plan or some alternative structure.

Neither the original hub and spoke plan, nor the recommendations provided by Hewitt, provide concrete estimates of net savings. Contracting costs for installation of the recommended data and telephony infrastructure are as yet unknown, and cannot even be estimated without further development. Any restructuring plan that is approved by the Board will require additional funding during implementation. Until the Board completes a second phase of its review, in which it will receive and evaluate feedback from stakeholders, the precise number and location of larger service centers has yet to be determined.